

# RETAIL DEVELOPMENT IN AL AHSA

## INVESTMENT OPPORTUNITY SCORECARD

### REAL ESTATE

SEPTEMBER 2021

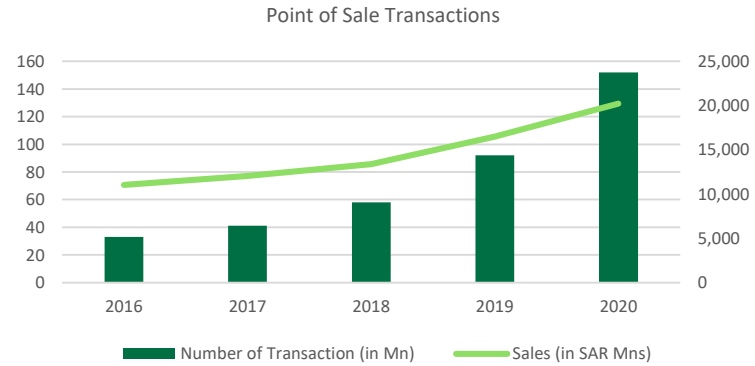


# RETAIL DEVELOPMENT IN AL AHSA

**OPPORTUNITY'S DESCRIPTION:** Opportunity to develop an innovative retail offering in Al Ahsa in the midst of a garden area.

## DEMAND

### MARKET DEMAND



The increase of POS transaction indicates that despite the change in consumer behaviors and the shift to e-commerce, many customers prefer the "physical experience".

### INVESTMENT HIGHLIGHTS

- Expected investment size of SAR 20.32 Mn (development cost)
- Investment model options: leasing, shared revenue model or shared revenue model + fixed amount
- Location: AlHofuf city
- Estimated Project IRR (25-year lease term): 10%~12%
- Estimated Equity IRR (50:50 D/E ratio) 11%~13%

### VALUE PROPOSITION

- KSA is transforming its cities into world-class retail destinations to become a global economic powerhouse and an international business hub.
- The Ministry of Municipality and Rural Affairs and Housing's (MOMRAH) firm commitment to investors by creating supporting regulatory ecosystem, launching key initiative such as Sharakat (partnership to codevelop properties) & Etmam (developer services center that provides certificates and licenses to fast-track development), and easy issuance of necessary permits showcases progress of this sector.
- MOMRAH is seeking to collaborate with the private sector for developing land parcels across the Kingdom of Saudi Arabia. The selected land parcel, owned by the municipalities, are strategically selected to be in close proximity to demand generators.
- Alahsa's recognition for being 'Capital of Arab Tourism' for 2019 and a UNESCO heritage site will drive increased footfall and tourism attraction. Therefore, in line with the goals of the 2030 vision, developing essential local infrastructure and projects supporting diversified economic growth is imperative for the city.

## PROJECT OVERVIEW

- Given the limited innovative retail offerings in Al Ahsa, the proposed retail development will benefit from synergies with the existing park on the land plot.
- The project site is in a strategic location within the Hofuf city, located along Prince Faisal bin Fahad Street.
- Several amenities are located near the project site including:
  - Prince Abdullah Bin Jalawi Stadium: 1 km away
  - King Faisal University, Staff accommodation: 2 km away
  - King Faisal University: 4 km away
  - Heritage Village, King Abdullah Park: 8 km away
  - Ahsa International Airport: 21 km away
- Furthermore, the developed infrastructure and parking spaces around the land plot optimizes the construction costs and enhances the development opportunity.

Land use	Area (sqm)	Gross Leasable Area (sqm)	%
Retail	5,833	2,625	100.0%
Garden & Open Spaces	54,167	-	-
<b>Total</b>	<b>60,000</b>	<b>2,625</b>	<b>100.0%</b>

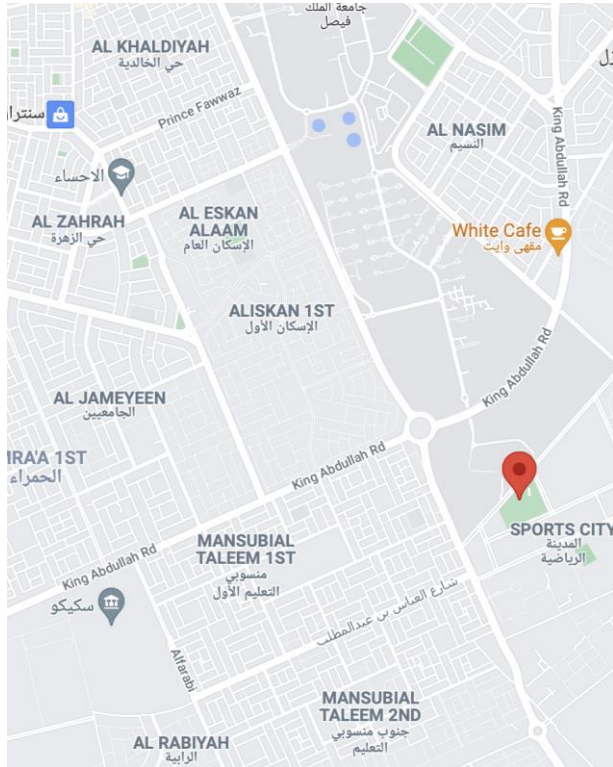


# RETAIL DEVELOPMENT IN AL AHSA

## PROJECT LOCATION

## INVESTOR/ DEVELOPER ROLE

## ENABLING FACTORS



COORDINATES: 25.310603 / 49.611837

**Studies, design and permits**

The developer will be responsible for conducting all the necessary studies to secure commercial aspects of the project, develop all the designs of the project, and obtain the necessary government permits

**Financing**

The developer will bear the burden of securing funding of the project, whether through private sources, financing entities, or mix of various financing instruments

**Operations and maintenance**

The developer will be responsible for the operations and maintenance either by himself or through another professional entity

**Marketing and leasing**

The developer will be responsible for marketing and leasing out the units in the project

**Execution**

The developer will be responsible for the execution of all aspects of the project

### ENABLERS

- Developed lands or raw lands based on the tendered project
- Expedite attainment of permits and approvals
- Long term leasing contract for up to 50 years

### COST OF DOING BUSINESS IN KSA

Factor	Ranking Amongst Regional Peers
Macroeconomic risk (100=high)	30
Productivity adjusted wages	\$3.3 /hour
Ease of getting credit (0 – 100)	50
Contract enforcement (0-100)	55
Construction Costs (Indexed to US, % 0 is cheapest)	74

## KEY STAKEHOLDERS



# DISCLAIMER

- This report must be used only to access information, and the information must not be construed, under any circumstances, explicitly or implicitly, as an offer to sell or a solicitation to buy or sell or trade in any opportunity herein mentioned.
- Ministry of Investment (MISA) has no undertaking to update these materials after the date, with the understanding that such information may become outdated or inaccurate.
- Mentioned information in this report is obtained from reliable sources but its accuracy and reliability are in no way guaranteed. No guarantee of any kind is tacit or explicit when projections of future conditions are attempted. MISA has used public/or confidential data and assumptions and has not independently verified the data and assumptions used in the analyses. Changes in underlying data or operating assumptions will clearly impact the analyses and conclusions.
- The financial evaluations, projected market and financial information, and conclusions contained in these materials are based upon standard methodologies, are not definitive projections, and are not guaranteed by MISA
- The content of this report must not be construed as an implied promise or guarantee for profit or limited loss express or implied by or from MISA or any of its officers, directors, employees and affiliates. All mentioned investments in this report are subject to risk, which should be considered prior to making any investment decisions
- MISA shall have no liability whatsoever to any third party, and hereby any third party waives any rights and claims it may have at any time against MISA with regard to this report, any services or other materials, including the accuracy or completeness thereof.

# DEFINITIONS

#	SCORECARD SECTION	DEFINITION
1	<b>Market size</b>	Size of market in value/volume in KSA and/or Region (MENA/GCC) covering future projections based on available estimates from published /government sources
2	<b>Demand drivers</b>	A select number of factors that will influence future demand for the related product/service
3	<b>Investment highlights</b>	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	<b>Value proposition</b>	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	<b>Market readiness</b>	An overview of KSA market structure, market maturity and level of participation by local and global players
6	<b>Key stakeholders</b>	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
7	<b>Enablers</b>	Factors that enable investment in the underlying opportunity
8	<b>Cost of doing business in KSA</b>	Key factors that position KSA as a competitive destination for investment in the region

**CONNECT WITH US FOR MORE DETAILS:**  
[RealEstate@misa.gov.sa](mailto:RealEstate@misa.gov.sa)

investsaudi.sa



@investsaudi

**INVEST  
SAUDI** 

The logo icon for Invest Saudi, featuring a stylized green 'S' shape composed of three horizontal bars, with a green 'X' shape below it.